

BEFORE THE TENNESSEE REGULATORY AUTHORITY

NASHVILLE, TENNESSEE

JULY 2, 2001

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| IN RE: |) | |
| |) | |
| BELLSOUTH TELECOMMUNICATIONS, INC. |) | DOCKET NO. |
| TARIFF TO INTRODUCE THE KEY BUSINESS |) | 00-00436 |
| DISCOUNT PROGRAM |) | |

ORDER APPROVING TARIFF

This matter came before the Tennessee Regulatory Authority ("Authority") at the regularly scheduled Authority Conference held on June 20, 2000, for consideration of BellSouth Telecommunications, Inc.'s ("BellSouth") Tariff to Introduce the Key Business Discount Program filed with the Authority on May 26, 2000. The enrollment period for this program runs from June 26, 2000 through December 25, 2000.

Based upon careful consideration of the tariff filing, the Authority makes the following findings and conclusions:

1. The purpose of this Tariff is to offer business customers in Rate Groups 4 and 5 with monthly billed revenues between \$150 and \$6,000 an eight percent (8%) to sixteen percent (16%) discount on local, toll, and private line services provided such business customers agree to a twelve (12) to thirty-six (36) month contract.

2. This Tariff contains two (2) tiers of termination provisions. The first tier relates to the termination of the underlying specific service and is linked to the tariff provision applicable to the underlying service. The second tier applies to the termination of the Key Business Discount Program. This termination provision requires the customer to pay a

termination charge equal to the amount of the discounts received during the contract period limited to the previous twelve (12) months.

3. In support of the Tariff, BellSouth filed revenue and cost data indicating that revenues will cover long-run incremental costs of providing the discounted services eligible under the program. Accordingly, this data indicates that BellSouth has not priced the services below the price floor set forth in Tenn. Code Ann. § 65-5-208(c).

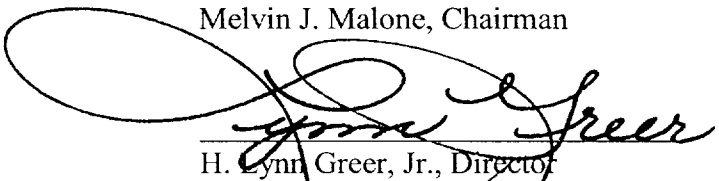
Based on the foregoing findings and conclusions, a majority¹ of the Directors determined that this Tariff should be approved.

IT IS THEREFORE ORDERED THAT:

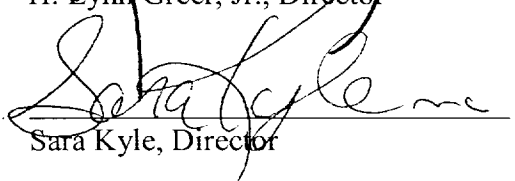
BellSouth Telecommunications, Inc.'s Tariff to Introduce the Key Business Discount Program is approved.

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Melvin J. Malone, Chairman



H. Lynn Greer, Jr., Director



Sara Kyle, Director

ATTEST:



K. David Waddell, Executive Secretary

¹ Consistent with his previous votes against approval of certain Contract Service Arrangements and the WelcomeBack! WinBack Program Tariff, Chairman Malone did not vote to approve this Tariff. In Docket No. 00-00391, Director Malone opined that approval of the WelcomeBack! WinBack Program Tariff would permit BellSouth to collect termination charges equal to between ninety percent (90%) and one hundred percent (100%) of the remaining charges from *new customers* not previously bound by such charges upon termination of the underlying services. See *BellSouth Telecommunications, Inc. Tariff To Introduce The Welcome Back! Win Back Program*, Docket No. 00-00391, *Order Approving Initial Order Of Hearing Officer Accepting Settlement Agreement And Approving Revised Tariff*, p. 3 n. 3 (entered October 7, 2000). The first tier of termination provisions of the Key Business Discount Program specifies that the underlying specific service termination provisions control, which in certain instances allow for a ninety percent (90%) to one hundred percent (100%) buyout, a recovery that Chairman Malone can not support as to new customers.